HLS 09RS-222 ENGROSSED

Regular Session, 2009

HOUSE BILL NO. 765

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BY REPRESENTATIVE GALLOT

TAX/SEVERANCE TAX: (Constitutional Amendment) Decreases the general severance tax allocation to the state

A JOINT RESOLUTION

2 Proposing to amend Article VII, Section 4(D)(3) of the Constitution of Louisiana, to 3 decrease the amount of severance tax on certain natural resources which is retained 4 by the state; to provide for the use of excess severance taxes; to provide for 5 submission of the proposed amendment to the electors; and to provide for related 6 matters. 7 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members 8 elected to each house concurring, that there shall be submitted to the electors of the state of 9 Louisiana, for their approval or rejection in the manner provided by law, a proposal to 10 amend Article VII, Section 4(D)(3) of the Constitution of Louisiana, to read as follows: 11 §4. Income Tax; Severance Tax; Political Subdivisions 12 Section 4. 13 14 (D) 15 16 (3)(a) Effective July 1, 2007, one-fifth of the severance tax on all natural 17 resources other than sulphur, lignite, or timber shall be remitted to the governing 18 authority of the parish in which severance or production occurs. The initial 19 maximum amount remitted to the parish in which severance or production occurs 20 shall not exceed eight hundred fifty thousand dollars. Effective July 1, 2011, the

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

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maximum amount remitted to the parish in which severance or production occurs shall not exceed one million eight hundred fifty thousand dollars. Effective July 1, 2012, the maximum amount remitted to the parish in which severance or production occurs shall not exceed two million eight hundred fifty thousand dollars. The maximum amount remitted to the parish in which severance or production occurs shall be increased each July first, beginning in 2008, by an amount equal to the average annual increase in the Consumer Price Index for all urban consumers, as published by the United States Department of Labor, for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference. (b) At least fifty percent of the excess severance tax remitted to a parish in a fiscal year shall be used only within the parish in the same manner and for the same purposes as money received by the parish from the Parish Transportation Fund. The term "excess severance tax" shall mean the amount of severance tax remitted to a parish pursuant to the provisions of Subparagraph (3) which is in excess of the amount of severance tax remitted to the parish for the fiscal year prior to July 1, <u>2011.</u> Section 2. Be it further resolved that this proposed amendment shall be submitted to the electors of the state of Louisiana at the statewide election to be held on November 2, 2010. Section 3. Be it further resolved that on the official ballot to be used at said election there shall be printed a proposition, upon which the electors of the state shall be permitted to vote FOR or AGAINST, to amend the Constitution of Louisiana, which proposition shall read as follows: To decrease the amount of severance tax which is retained by the state on natural resources, other than sulphur, lignite, and timber, and increase the maximum amount remitted to the parish governing authority where the

severance occurs from eight hundred fifty thousand dollars to one million

eight hundred fifty thousand dollars for Fiscal Year 2011-2012 and to two

million eight hundred fifty thousand dollars for Fiscal Year 2012-2013 and
thereafter; to require at least fifty percent of the excess severance tax
remitted to a parish because of this constitutional amendment be used within
the parish only in the same manner and for the same purposes as money
received by the parish from the Parish Transportation Fund. (Amends Article
VII, Section 4(D)(3))

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Gallot HB No. 765

Abstract: Increases the maximum amount of the severance tax collected on natural resources, other than sulphur, lignite, and timber which is remitted to the parish governing authority where the severance occurs <u>from</u> \$850,000 to \$1,850,000 in FY 2011-2012 and \$2,850,000 in FY 2012-2013, effective July 1, 2011.

<u>Present constitution</u> provides that 1/5 of the severance tax on all natural resources other than sulphur, lignite, or timber shall be remitted to the governing authority of the parish in which severance or production occurs. The initial maximum amount remitted to the parish in which severance or production occurs shall not exceed \$850,000.

<u>Proposed constitutional amendment</u> increases the maximum amount of severance tax on natural resources, other than sulphur, lignite, and timber, which is remitted to the parish governing authority where the severance occurs <u>from</u> \$850,000 <u>to</u> \$1,850,000 in FY 2011-2012 and <u>to</u> \$2,850,000 in FY 2012-2013. Further requires that at least 50% of the excess severance tax remitted to a parish in a fiscal year be used only within the parish for the same purposes as money received from the Parish Transportation Fund. The term "excess severance tax" shall mean the amount of severance tax remitted to a parish in excess of the amount of severance tax remitted to the parish for the fiscal year prior to July 1, 2011.

<u>Present constitution</u> provides that the maximum amount remitted shall be increased each July 1 by an amount equal to the average annual increase in the Consumer Price Index for All Urban Consumers, as published by the U.S. Dept. of Labor, for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference.

<u>Proposed constitutional amendment</u> retains the CPI increase provision.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 2, 2010.

(Amends Const. Art. VII, §4(D)(3))